

ACF Administration for Children and Families	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES	
	1. Log No: CCDF-ACF-PI-2019-06	2. Issuance Date: October 9, 2019
	3. Originating Office: Office of Child Care (OCC)	
	4. Key Words: Child Care and Development Fund (CCDF), Child Care Disaster Funds, Renovation, Repair or Rebuilding of Child Care Facilities, Supplemental Relief Funds	

PROGRAM INSTRUCTION

To: State, Territory, and Tribal Lead Agencies administering child care programs under the Child Care and Development Block Grant (CCDBG) Act and other interested parties.

Subject: Supplemental Disaster Relief Funds for Child Care.

References: Supplemental Appropriations for Disaster Relief Act of 2019 (P.L. 116-20); Child Care and Development Block Grant (CCDBG) Act, as amended (42 U.S.C. §9857 *et seq.*); 45 CFR Parts 98 and 99.

Purpose: 1) to provide information to State, Territory, and Tribal Lead Agencies regarding the distribution of disaster relief funds, and 2) to provide guidance on allowable activities, how to apply, notice of federal interest, obligating and expending of funds, reporting requirements, grantee monitoring and other requirements.

Background: Supplemental Appropriations for Disaster Relief Act of 2019 (P.L. 116-20) made \$30 million available to State, Territory, and Tribal Lead Agencies administering the Child Care and Development Fund (CCDF) programs for necessary expenses directly related to the consequences of Hurricanes Florence and Michael, Typhoon Mangkhut, Super Typhoon Yutu, and wildfires and earthquakes that occurred in calendar year 2018 and tornadoes and floods occurring in calendar year 2019. These funds must be used for recovery in areas in which a major disaster or emergency has been declared under section 401 or 501 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5170 and 5191).

Distribution of Funds: The legislation requires ACF to distribute funding to eligible states, territories, and tribes based on assessed need, notwithstanding the formula for allotment set forth in the CCDBG Act. ACF will use the Federal Emergency Management Agency (FEMA) Individual Assistance (IA) data as a proxy to estimate the impact for each declared disaster and help determine the allotments of funds to states, territories, and tribes in the impacted areas. States and territories located in areas where a major disaster or emergency has been declared, but without FEMA IA registrants, will receive a base funding amount of \$200,000 to provide some level of funding in the impacted areas. States and territories with FEMA IA registrants will receive

this base funding amount plus additional funds based on each state's and territory's percentage of IA registrants as reported by FEMA on September 11, 2019. While tribal jurisdictions are present in the designated areas of the disaster legislation, few IA registrants are associated with tribes in the FEMA data and the reasons for this are unclear at this time. Therefore, funding for tribes in the impacted areas will be limited to base amounts based on their CCDF allocation size (*i.e.*, large, medium or small). Tribes with large and medium allocations will receive \$100,000 and \$75,000 respectively, and tribes with small allocations will receive \$50,000.

ACF will award the disaster funds in two phases. In phase one, ACF will award funds to states, territories, and tribes with disaster declarations on or before June 12, 2019. In phase two, ACF will distribute funds to states, territories, and tribes with new disaster declarations that may occur between June 13 to December 31, 2019. Specifically, a total of \$5 million will be reserved for phase two to support recovery from tornadoes and floods that may occur in the remainder of calendar year 2019. Funds from phase two are expected to be awarded in calendar year 2020, and ACF will issue additional guidance regarding how to apply for those funds. Any remaining funds will be redistributed to other eligible Lead Agencies in proportion to their original allocation (including the base amount and plus any additional funds) within either phase, if not all eligible State, Territory, or Tribal Lead Agencies apply for funding. The disaster relief funds are available for ACF to award to eligible State, Territory, and Tribal Lead Agencies through September 30, 2021. **Appendix A (States and Territories) and Appendix B (Tribes)** outline the funding allocations for each eligible State, Territory and Tribal Lead Agency for the first phase of funding.

Allowable Activities: The supplemental appropriations law indicates that the funds can be used for the costs of renovating, repairing, or rebuilding child care facilities, as well for other allowable CCDF activities that are directly related to the consequences of the natural disaster. ACF anticipates that Lead Agencies' funding requests will fall into the following areas: (1) renovating, repairing, or rebuilding of child care facilities (discussed further under "Additional Application Procedures for Requesting Funds for Construction or Renovation Purposes" section below); (2) materials, supplies, furnishings, vehicles, and equipment; (3) mental health consultation; (4) quality improvement activities; and (5) direct services. Allowable activities are not limited to these listed anticipated activities as it is not possible to identify in advance all of the circumstances in which these disaster assistance funds may be needed to address the consequences of calendar years 2018 and 2019 disasters. Therefore, Lead Agencies may expend supplemental disaster funds for any other allowable CCDF activity that addresses the needs of impacted communities and that are directly related to the consequences of a qualifying natural disaster. Further, the supplemental appropriations law specifically allows funds to be used for obligations incurred prior to the date of enactment of the law.

These funds are not available for costs that are reimbursed by FEMA, or under a contract for insurance, or by self-insurance. In addition, the supplemental appropriations law indicates that the following requirements do not apply to funds used for construction: 1) minimum quality expenditure and infant and toddler quality expenditure requirements at 658G of the CCDBG Act, 2) the administrative cost cap at 658E(c)(3), and 3) the direct services expenditure requirement at 658E(c)(3).

How to Apply for These Funds: In order to receive supplemental disaster assistance, State, Territory, and Tribal Lead Agencies must submit a justification for requesting the funds and

demonstration of the need for assistance using their respective CCDF Plans as outlined below. Lead Agencies eligible for phase one must submit these requests by December 2, 2019.

Application Process for States and Territories: To apply for phase 1 funds, states and territories must submit a request that outlines how the funds will be used for allowable CCDF activities that directly relate to addressing the consequences of a qualifying disaster. This request must be submitted as a Plan Amendment to section 1.8.2 and/or 1.8.3 of the FY 2019-2021 CCDF Plan using the ACF-118 system. As part of the Plan Amendment, Lead Agencies may want to consider using temporary, or sun-setting, language that is specific to the disaster, so additional Amendments will not be needed for the same provisions in the future (i.e., once the disaster recovery activity ends). Alternatively, Lead Agencies could consider including language in their Amendment that builds a permanent exception in cases of natural disasters, which could be triggered anytime a disaster occurs, so Lead Agencies would not have to submit Amendments in the future for the same provisions.

Application Process for Tribes: To apply for phase 1 funds, tribes must submit a request that outlines how the funds will be used for allowable CCDF activities that directly relate to addressing the consequences of a qualifying disaster. This request must be written into sections 2.4.2 and/or 2.4.3 in the FY 2020-2022 Tribal CCDF Plan that is currently under review. Tribes must email their revised Plan to the appropriate Regional Office of Child Care. Tribes that have approved Plans consolidating child care programs with employment and training funding sources under the Indian Employment, Training and Related Services Consolidation Act of 2017, commonly known as Pub. L. 102-477, may submit the request as a Plan Amendment to U.S. Department of the Interior, Office of Indian Services.

ACF will review the Plan amendment requests to determine if they are reasonable, allowable, cost effective, and necessary in those areas for which a major disaster or emergency has been declared under section 401 or 501 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5170 and 5191).

Additional Application Procedures When Requesting Funds for Construction or Renovation

Purpose: For these disaster funds, states, territories, and tribes are eligible to request funds for construction and major renovation purposes. CCDF defines construction as the building of a child care facility that does not currently exist. Major renovation involves structural changes to the foundation, roof, floor, exterior or load-bearing walls of a facility, or the extension of a facility to increase its floor area. Major renovation also includes any extensive alteration of a facility that significantly changes its function and purpose, even if such renovation does not include any structural change (45 CFR 98.2). Any improvements or upgrades of child care facilities that are not specified under the definitions of construction or major renovation are considered minor renovation. Lead Agencies requesting funds for minor renovation purposes will use the application process described above (under “How to Apply for These Funds”) and are not required to submit any additional information or forms.

Before using CCDF funds for construction or major renovation, Lead Agencies must request and receive approval from ACF. To request use of funds for construction and/or major renovation of child care facilities, Lead Agencies will be required to submit an SF-429 Real Property Status Report Cover Page with Attachment B using the GrantSolutions Online Data Collection (OLDC)

system. Lead Agencies must also provide supporting documentation including, but not limited to: detailed narrative explaining the need for facility, damage assessment, and quotes. The SF-429 requirement will not apply to renovations or rebuilding of privately-owned family child care homes or minor renovation, but Lead Agencies must request approval through the CCDF Plan (as described under “How to Apply for These Funds”) as well as maintain a list regarding the amount, purpose, and address of those facilities.

Lead Agencies are responsible for any real property reporting regarding major renovation and/or construction for their subrecipient entities. Please see the ACF Property, Property Reporting instruction at <https://www.acf.hhs.gov/grants/real-property-and-tangible-personal-property#chapter-5> and the ACF Property, Disposition instructions for Real Property at <https://www.acf.hhs.gov/grants/real-property-and-tangible-personal-property#chapter-6>. ACF will transfer any funds approved for use on construction or major renovation to a separate grant award. The 10-year period of federal interest (detailed below) will begin on the date that ACF issues that award.

Notice of Federal Interest: Lead Agencies will need to file a notice of federal interest in the appropriate property records for facilities other than privately owned-family child care homes that are constructed or renovated with these funds. As noted in the Disaster Relief Act of 2019 (P.L. 116-20), ACF will not retain federal interest after a period of 10 years in any facility renovated, repaired, or rebuilt with these funds.

The use of the facility constructed or renovated with CCDF funds during the 10-year period of federal interest for other than the purpose for which the facility was funded, without the prior express written approval of the responsible ACF official, is prohibited. Facilities constructed or renovated with CCDF funds may not be mortgaged, used as collateral, sold, or otherwise transferred to another party during the 10-year period without the prior written permission of the responsible ACF official. ACF may at its sole discretion subordinate its interest in such property to that of a lender that finances the construction or renovation of the property.

For those facilities that require the filing of notices of federal interest, Lead Agencies will be required to submit a SF-429 Real Property Status Report Cover Page with Attachment A on an annual basis until such time that the property is disposed of or the federal interest expires. When property with federal interest is no longer needed, the SF-429 Attachment C must be submitted in GrantSolutions OLDC.

Federal interest provisions will not apply to the renovation or rebuilding of privately-owned family child care homes. Lead Agencies should develop parameters on the use of funds for the renovation or rebuilding of privately-owned family child care homes. For example, Lead Agencies can limit funds for renovation or rebuilding of privately-owned family child care homes to licensed providers or providers that meet Quality Rating and Improvement System (QRIS) benchmarks or other systems of quality. Lead Agencies could require providers to demonstrate a history of providing child care services, including participation in the CCDF subsidy program, or to meet minimum health and safety requirements in order to receive funds. In addition, Lead Agencies may require providers to sign written agreements indicating that they will use renovated or rebuilt privately-owned family homes for child care purposes for a specified period of time.

Obligating and Expending Funds: Lead Agencies must follow the applicable obligation and liquidation periods when expending and accounting for CCDF grant funds.

- *Non-construction Funds:* Lead Agencies have the year of award and one additional year to obligate the funds if the funds are used non-construction activities. Lead Agencies also have one additional year (beyond the obligation period) to liquidate the funds for non-construction funds.
- *Construction Funds:* Lead Agencies have the year of award and the three following years to obligate the funds if the funds are used for construction/major renovation. Lead Agencies have one additional year (beyond the obligation period) to liquidate the funds. For instance, if funds to be used for construction or renovation funds are awarded in fiscal year 2021, states, territories, and tribes have until the end of fiscal year 2024 to obligate the funds and fiscal year 2025 to liquidate the funds. The obligation and liquidation periods begin with the date that funds are originally awarded, not the date that funds are transferred to the separate grant award for construction and renovation. Pub. L. 102-477 tribal programs are not subject to the CCDF obligation and liquidation periods.

Reporting Requirements: States and territories must submit quarterly expenditure reports on the ACF-696, and tribes must submit annual expenditure reports on the ACF-696T. ACF is updating the ACF-696 and the ACF-696T forms to allow for separate reporting of the child care disaster relief funds. Pub. L. 102-477 tribal programs are not required to submit reporting information related to the ACF- 696T.

Monitoring: ACF will monitor the Lead Agencies' compliance with applicable statutory and regulatory requirements for these funds by reviewing CCDF Plans and expenditure reports. Additionally, ACF may issue additional monitoring protocols through information memoranda and grant award forms (*i.e.*, SF-429). Lastly, ACF may use on-site monitoring reviews to assure compliance.

Additional Information:

- How States and Territories Can Plan to Recover:
<https://childcareta.ACF.HHS.gov/resource/How-States-and-Territories-can-plan-recover>
- How States and Territories Prepare to Support Special Populations in Emergencies and Disasters:
https://childcareta.acf.hhs.gov/sites/default/files/public/considerations_for_special_populations.pdf.
- Substance Abuse and Mental Health Services Administration (SAMHSA) Disaster Distress Helpline: <https://www.samhsa.gov/find-help/disaster-distress-helpline>
- Plan Ahead for Disasters:
<https://www.ready.gov/>

Questions: Inquiries should be directed to the appropriate ACF Regional Office.

/s/

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cc: [Office of Child Care Regional Program Managers](#)